

REMARKS ACCT ELLIOT LEO
FILE X PAGE NO 1 USPT SUB REPORT Wnd

| | | | |
|----------------------|-------------------------------------------------------------|-----------------------|----------------------|
| DATE FILED | AUGUST 29, 1995 | | |
| LAND, OIL & PATENTED | STATE LEASE NO. | FEDERAL LEASE NO. | INDIAN |
| DRILLING APPROVED | SEPTEMBER 5, 1995 | | |
| SPUDDED IN | | | |
| COMPLETED | PUT TO PRODUCTIONS | | |
| INITIAL PRODUCTION | | | |
| GRAVITY API | | | |
| GOR | | | |
| PRODUCING ZONES | | | |
| TOTAL DEPTH | | | |
| WELL ELEVATION | | | |
| DATE ABANDONED | Operator Req. to dismis Application LA'D effective 10/30/95 | | |
| FIELD | NATURAL BUTTES FIELD | | |
| UNIT | NA | | |
| COUNTY | UINTAH | | |
| WELL NO. | SOUTHMAN CANYON #1-21 | | API NO. 43-047-32723 |
| LOCATION | 830' ENL | 540' FEL | NE NE |
| | FT. FROM (E) LINE | FT. FROM (E) (W) LINE | 1/4 - 1/4 SEC |
| | | | 21 |

| TWP | RGE | SEC | OPERATOR |
|-----|-----|-----|------------------|
| 10S | 23E | 21 | SAMEDAN OIL CORP |

Bond # 4149383

Form 3160-3
(November 1983)
(formerly 9-3131C)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

AUG 24 1995

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a TYPE OF WORK

DRILL ☒DEEPEN ☐

DIV OF PLUG BACK CEMENTING

b TYPE OF WELL

OIL WELL ☐GAS WELL ☒OTHER ☐SINGLE ZONE ☐MULTIPLE ZONE ☒

2 NAME OF OPERATOR

Samedan Oil Corporation

(303) 534-0677

3 ADDRESS OF OPERATOR

1616 Glenarm Pl., Suite 2550, Denver, Co. 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *)

At surface

830' FNL & 540' FEL (NENE)

At proposed prod zone

Same

14 DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

10 air miles SW of Bonanza, Utah

18 DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drilg unit line, if any)

540'

16 NO OF ACRES IN LEASE

480

17 NO OF ACRES ASSIGNED
TO THIS WELL

320

18 DISTANCE FROM PROPOSED LOCATION*
TO NEAREST 1/4, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT

N/A

19 PROPOSED DEPTH

7,550'

20 ROTARY OR CABLE TOOLS

Rotary

21 ELEVATIONS (Show whether DP, RT, GR, etc)

5,548' ungraded ground

22 APPROX. DATE WORK WILL START*

Oct. 31, 1988

23 PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|--------------------|---------------|---------------------------|
| 11" | 8-5/8" | 24" (K-55, ST&C) | 2,000' | =775 cu ft or to surface |
| 7-7/8" | 4-1/2" | 10 5" (K-55, ST&C) | 7,550' | =1,050 cu ft or to 4,500' |

East half of Section 21 (i.e., stand-up 320) will be assigned to well in conformance with UDOGM Order Cause No. 179-3.

APPROVED
OF
CIVIL
DATE 9/5/88
BY [Signature]

DEPT. OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SEP 27 1988
VERMONT

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM. If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24

SIGNED

TITLE

Consultant

DATE

(This space for Federal or State office use)

cc Bruns (3), [Signature] (2)

PERMIT NO

APPROVAL DATE

APPROVED BY

TITLE

District Manager

DATE

CONDITIONS OF APPROVAL, IF ANY.

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED

JTCSC-30159

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DU OGM

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator Samedan Oil Corporation

Well Name & Number Southman Canyon 1-21

API Number 43-047-

Lease Number U-43170

Location NENE Sec 21 T 10S R 23E

NOTIFICATION REQUIREMENTS

- | | | |
|---------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------|
| Location Construction | - | at least forty-eight (48) hours prior to construction of location and access roads |
| Location Completion | - | prior to moving on the drilling rig |
| Spud Notice | - | at least twenty-four (24) hours prior to spudding the well |
| Casing String and Cementing | - | at least twenty-four (24) hours prior to running casing and cementing all casing strings |
| BOP and Related Equipment Tests | - | at least twenty-four (24) hours prior to initiating pressure tests. |
| First Production Notice | - | within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days |

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information

A DRILLING PROGRAM

1 Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to Tim Ingwell of this office. Copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2 Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of onshore Oil and Gas Order No. 2 for a 3M system for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3 Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft above the top of the Mahogany oil shale, identified at $\pm 1,810$ ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4 Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers

5 Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to $\pm 1,610$ ft. and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

6 Notifications of Operations

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs, and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

7 Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead to the meter and within 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed "

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii)

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman (801) 789-7077
Petroleum Engineer

Wayne Bankert (801) 789-4170
Petroleum Engineer

BLM FAX Machine (801) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids

CONDITIONS OF APPROVAL COA's
SURFACE USE PROGRAM

- 1 A gate and sign will be strategically placed at the beginning of the right-of-way in the SE of Section 15, T 10S , R 23E The gate will be locked to prohibit unauthorized traffic on the access road.
2. Drilling of the well, construction activities either on the access road or the drilling site, or workover of the well will not be allowed between February 1 and August 31.
- 3 The well will be drilled using a "closed system" No pits will be allowed for water retention or drilling fluids during the development of the well
- 4 The road to the location will be constructed as far from the cliff face as feasible The location of the road will be staked and a certified drawing provided by the company, and approved by the authorized officer prior to any surface disturbance.
- 5 All side hill cuts and fills along the road and well pad will be seeded upon completion of construction and then covered with a biodegradable fabric until vegetation becomes established.
6. The facilities for the production of the well (separator, dehydrator, meter, and tanks) will be constructed near an existing well in the NWSE of Section 15, T.10S , R.23E., to eliminate the need for vehicle access to the well between February 1 and August 31 The only equipment allowed on the location will be the well head, pipelines, and a small chemical injection system consisting of a 55 gallon chemical barrel and an injection pump.
- 7 No vehicles will be allowed access to the well site between the dates of February 1 and August 31, except that the authorized officer may, after consultation with the U.S. Fish and Wildlife Service, allow vehicle access to the well site after June 1 during a specific year, if the conditions listed below can be met In applying these conditions for a change in the seasonal restrictions, the applicant bears the burden of demonstrating conclusively that sufficient data is available to warrant an exception, and any exception would be valid for no more than one (1) year at a time. The conditions that must be met are:
 - a Data must be available to document, for the current year, the number of nesting pairs of peregrine falcons in the White River Corridor in the area between the Colorado/Utah state line and the boundary of the Uintah and Ouray Indian Reservation
 - b The location of the active nest for each of these pairs of peregrine falcons must be documented for the current year

- c. Data must be available to demonstrate that by June 1 of the current year, there are no active peregrine falcon nests within one (1) mile of either the well site or any point at which the access road is 200 yards or less from the edge of the canyon walls.

8 A BLM employee and a paleontologist will be at the site during road and location

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/29/95

API NO. ASSIGNED: 43-047-32723

WELL NAME: SOUTHMAN CANYON 1-21
OPERATOR: SAMEDAN OIL CORPORATION (N0185)

PROPOSED LOCATION:

NENE 21 - T10S - R23E
SURFACE: 0830-FNL-0540-FEL
BOTTOM: 0830-FNL-0540-FEL
UINTAH COUNTY
NATURAL BUTTES FIELD (630)

LEASE TYPE: FED
LEASE NUMBER: U - 43170

PROPOSED PRODUCING FORMATION: GRRV

| | | |
|--------------------------|----------|------|
| INSPECT LOCATION BY: / / | | |
| TECH REVIEW | Initials | Date |
| Engineering | | |
| Geology | | |
| Surface | | |

RECEIVED AND/OR REVIEWED:

Y Plat
Y Bond: Federal ☒ State ☐ Fee ☐
(Number 414 9383)
N Potash (Y/N)
Y Oil shale (Y/N)
Y Water permit
(Number _____)
N RDC Review (Y/N)
(Date: _____)

LOCATION AND SITING:

___ R649-2-3. Unit: _____
___ R649-3-2. General.
___ R649-3-3. Exception.
☒ Drilling Unit.
Board Cause no: 179-3
Date: 7/22/91

COMMENTS: SEE PREVIOUS PERMIT APPROVED 10-1990
LA 10-18-91

STIPULATIONS: _____

STATE OF UTAH

| | |
|-----------------------------------|----------------------------------------|
| Operator: SAMEDAN OIL CORP | Well Name: SOUTHMAN CANYON 1-21 |
| Project ID: 43-047-32723 | Location: SEC. 21 - T10S - R23E |

Design Parameters:

Mud weight (10.00 ppg) : 0.519 psi/ft
 Shut in surface pressure : 3306 psi
 Internal gradient (burst) : 0.082 psi/ft
 Annular gradient (burst) : 0.000 psi/ft
 Tensile load is determined using buoyed weight
 Service rating is "Sweet"

Design Factors:

Collapse : 1.125
 Burst : 1.00
 8 Round : 1.80 (J)
 Buttress : 1.60 (J)
 Other : 1.50 (J)
 Body Yield : 1.50 (B)

*** WARNING *** Design factor for collapse exceeded in design!

collapse OK JAM

| Length (feet) | Size (in.) | Weight (lb/ft) | Grade | Joint | Depth (feet) | Drift (in.) | Cost | | |
|------------------|---------------|-------------------|-------|------------------------|----------------------------|----------------|----------------|------------------|--------|
| 1 | 7,550 | 4.500 | 10.50 | K-55 | ST&C | 7,550 | 3.927 | | |
| | Collapse | | | Burst Load (psi) | Min Int Strgth (psi) | Yield S.F. | Tension | | |
| | Load (psi) | Strgth (psi) | S.F. | | | | Load (kips) | Strgth (kips) | S.F. |
| 1 | 3922 | 4010 | 1.022 | 3922 | 4790 | 1.22 | 67.15 | 146 | 2.17 J |

Prepared by : **MATTHEWS, Salt Lake City, UT**

Date : **09-05-1995**

Remarks :

Minimum segment length for the 7,550 foot well is 1,000 feet.

SICP is based on the ideal gas law, a gas gravity of 0.69, and a mean gas temperature of 112°F (Surface 74°F, BHT 150°F & temp gradient 1.000°/100 ft.)

The mud gradient and bottom hole pressures (for burst) are 0.519 psi/ft and 3,922 psi, respectively

NOTE: The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - Collapse (with evacuated casing), 1.0 - Burst, 1.8 - 8 Round Tension, 1.6 - Buttress Tension, and 1.5 - Body Yield. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser.

Costs for this design are based on a 1987 pricing model. (Version 1.06)



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal District Office
170 South 500 East
Vernal Utah 84078-2799

IN REPLY REFER TO

3165
U-085

FEB 23 1995

Dear Reader:

Enclosed is a revised Environmental Assessment (EA) for the proposed Samedan natural gas well north of the White River. The application for permit to drill (APD) was submitted by the Samedan Oil Corporation (Samedan) for a natural gas well, designated as the Southam Canyon Well No. 1-21, on Federal lease U-43170, near the north canyon rim of the White River, approximately 30 miles south of Vernal, Utah.

The original EA for this proposal was distributed for public review and comment on October 19, 1990. Public comments were accepted until November 21, 1990. The comments were reviewed, appropriate changes were made in the EA and a Decision Record and Finding of No Significant Impact was issued on January 31, 1991, by the Vernal District Manager of the Bureau of Land Management. The decision was to approve the well with a series of specific stipulations designed to mitigate possible impacts on such things as recreational use on the White River and concerns for sensitive species such as the peregrine falcon.

A State Director review of this decision was requested by several groups. On April 2, 1991, the Deputy State Director for Mineral Resources affirmed the decision of the Vernal District Manager. This decision of the Deputy State Director was then appealed to the Interior Board of Land Appeals of the Department of Interior (IBLA). On December 2, 1993, IBLA issued a decision that affirmed in part and set aside in part the decision and remanded it back to the Vernal District for additional information and issuance of a new decision (See Appendix VI in the EA).

The IBLA decision upheld all portions of the analysis and decision except that they indicated the BLM record failed to show adequate documentation on two points: 1) the searches for bald eagles conducted in the winter and early spring, the period when the eagles might inhabit the area, and 2) the person and methodology employed for the threatened and endangered plant inventory. Both of these studies have been redone and are now documented in the EA in accordance with the requirements of the IBLA decision and appropriate changes have been made to the wording of the text of the EA. The information that has been added to the EA is written in bold type so it is easier to identify.

#4

We welcome your comments on the EA regarding the information concerning bald eagles and the T&E plant inventory in accordance with the IBLA decision. Comments addressing these issues will be considered in completing the final EA. Specific comments addressing the adequacy of the analysis are the most useful.

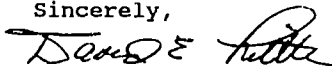
Written comments may be sent to:

Byron K. Tolman
Team Leader
Bureau of Land Management
170 South 500 East
Vernal, Utah 84078

All comments should be submitted no later than close of business on March 27, 1995. A copy of the final EA and the Decision Record will be sent to those known to be affected or who provide comments on the EA.

Thank you for your interest in public land management.

Sincerely,



David E. Little
District Manager

H 4

ENVIRONMENTAL ASSESSMENT
OF THE PROPOSED SAMEDAN

1-21 WELL

EA 1989-09

I. Introduction

On September 27, 1988, Samedan Oil Corporation (Samedan) of Denver, Colorado, filed an Application to Drill (APD) proposing to drill the Southam Canyon Well No. 1-21. This proposed well would be located on Federal Lease U-43170 approximately 30 miles south of Vernal, Utah, along the north canyon rim of the White River (see maps no. 1 & 2). This lease was issued effective July 1, 1979, with a ten (10) year primary term. The lease acreage includes the E 1/2, and the E 1/2 of the W 1/2, Section 21, T10S, R23E, Salt Lake Meridian. The areas described include 480 acres. Within this lease, there are 160 acres (NE 1/4) open for surface occupancy according to the Book Cliffs Resource Management Plan (RMP) approved May, 1985. However, the lease stipulations in this case are more restrictive than the RMP, allowing only 40 acres (the NE 1/4 NE 1/4) to be occupied.

Under current mineral law, upon issuance of a Federal Oil and Gas Lease, the operating rights holder or operator has the right to develop the lease as agreed in the terms and stipulations of the lease agreement. Additional National Environmental Policy Act (NEPA) requirements are also considered upon the filing of an APD, which include environmental concerns addressed by the public under the Federal Onshore Oil and Gas Leasing Reform Act of 1987.

The original well site proposed by Samedan (identified as Alternative B in this EA) was located on the NE 1/4 NE 1/4 of Section 21, which by the present lease terms is the only parcel open for drilling on the lease. On September 20, 1988 an onsite inspection was held with Samedan and Bureau of Land Management (BLM) personnel to view the proposed well location. During this onsite inspection it was apparent that it would be difficult to drill the well at this location because of unstable soils and the lack of adequate room for the drilling rig and associated equipment. The well had been previously staked at the same location by Snyder Oil Corporation, the former holder of the lease, and their APD was approved August 17, 1981; however, the well was never drilled. A right-of-way (ROW) was also granted to obtain access to the well at that time. Samedan acquired the ROW when they filed their APD.

Because of potential adverse environmental impacts of the original proposed drilling site, Samedan submitted an alternative drilling site (hereafter considered Alternative A) located in the SE 1/4 NE 1/4 of Section 21, T10S, R23E. This location is considered as Samedan's proposed drilling site within this document.

The Uintah Mountain Club (UMC), concerned about recreational values in the White River Canyon, proposed that a lease transfer be pursued. This alternative is discussed in Section

VI of this Environmental Assessment (EA) The Uintan Mountain Club also proposed a directional drilling alternative, which is analyzed in this document (see map no 2 for locations of the alternative well sites)

A third alternative proposed by the UMC is that BLM offer Samedan a lease extension to buy additional time to study this area. An extension, however, is not possible under current mineral law. The only way a lessee can keep a lease after the expiration date is through production on that lease. If the lessee has not been able to produce oil or gas from their lease before the expiration date, it is lost.

A lease can, however, be suspended for an indefinite period of time due to delays on BLM's part which make it impossible for the lessee to produce the lease. Samedan has been issued a lease suspension because of the delay in processing the APD due to the preparation of this EA.

After the first draft EA had been prepared, peregrine falcons were identified as being present in the White River Canyon. As a result BLM requested a Formal Section 7 Consultation with Fish and Wildlife Service (FWS) under the Endangered Species Act (ESA). When the Biological Opinion was received from FWS, it was recommended that no drilling activities be allowed within 200 yards of the White River Canyon cliff face (see Appendix I). Since every drilling alternative in the first Draft EA was within this 200 yard restriction, Samedan filed a third drilling proposal hereafter called Alternative E with the intent of meeting the FWS recommendations for peregrine falcons. This alternative well site is located in the SE 1/4 NE 1/4 of Section 21, T10S, R23E which is in the same 40 acre parcel as Alternative A. Since access to Alternatives A or E would vary from the existing ROW obtained to Alternative B, a new ROW to these sites would have to be obtained.

On January 31, 1991, a decision was issued by the Vernal District Manager approving the proposal for the original staked location, or alternative B, and including stipulations to mitigate concerns raised by the analysis in the EA. This decision was protested to the State Director (SD) of the Utah State Office of the Bureau of Land Management by the UMC and jointly by the Sierra Club and the Southern Utah Wilderness Alliance (SUWA).

On April 2 and 3, 1991, the Deputy State Director for Mineral Resources affirmed the District Manager's decision. The Sierra Club and SUWA then appealed the decision of the Deputy State Director to the Interior Board of Land Appeals (IBLA).

On December 2, 1993, IBLA issued a decision (IBLA 91-291) affirming in part the Vernal District decision and remanding the decision back to BLM for further information on two issues where the record failed to provide adequate documentation of the source of the information concerning threatened and endangered (T&E) species. The IBLA decision indicated that BLM's record failed to document specifically that surveys for bald eagles had been conducted during the winter and early spring when the eagles might inhabit the area. The IBLA decision also stated that the record contained no evidence of when, by what methodology and by whom the survey for T&E plants was completed. A copy of the IBLA decision is included as Appendix VI.

This EA has been revised to include the above information and is now being released again for public comment. The changes that have been made in the text of the EA are shown in bold print within the body of the EA for ease of identification. The only changes made have been those needed to address the two specific issues raised on the remand by the IBLA.

II. Purpose and Need of Proposed Action

Because Federal Lease U-43170 was due to expire on July 1, 1989, Samedan applied to drill on this lease. Even though the current price for gas is down because of depressed market conditions, the costs of lease development would be favorable to Samedan at this time since drilling and construction costs are presently low. Geologic reports indicate a likelihood that natural gas is present in the formations under the lease. Gas production from this well (based on Samedan projections) would be from 250 to 750 thousand cubic feet of gas per day (MCFGPD). According to Utah Gas Service Company, at the estimated rate of production this well would be able to service from 912 to 2700 homes per day.

III. Reasonable and Foreseeable Development (RFD)

For analysis purposes, we have looked at a broader area and projected the potential cumulative development that might reasonably be expected to occur. This "reasonable foreseeable development" of the White River Corridor (see map no. 3 for corridor boundary) is based on historical well data for a larger area (T10S, R23E, and E 1/2 of T10S, R22E: See Appendix II). Assumptions of this analysis are listed in Appendix II.

It is projected that four wells, including the Samedan 1-21, could be expected to be drilled north of the White River with a success factor of 0.83. No wells would be drilled south of the White River within the White River Corridor. Three of the four wells may be completed as producing gas wells and one well would be plugged and abandoned. Production would be from the Wasatch Formation or the Mesaverde Group. Projected initial production from the completed gas wells would range from 180 - 5,260 MCFGPD. Average well depths would range from 4,000-8,000 feet. Potential well spacing is anticipated to be 320 acres. Potential well life would be 10-15 years. The wells would be drilled with standard drilling equipment. If the wells were completed as gas wells, dehydrators, separators, or condensate tanks may be installed at the well sites. The type of production equipment installed would depend on the fluid content of the hydrocarbons produced and the gas contracts signed.

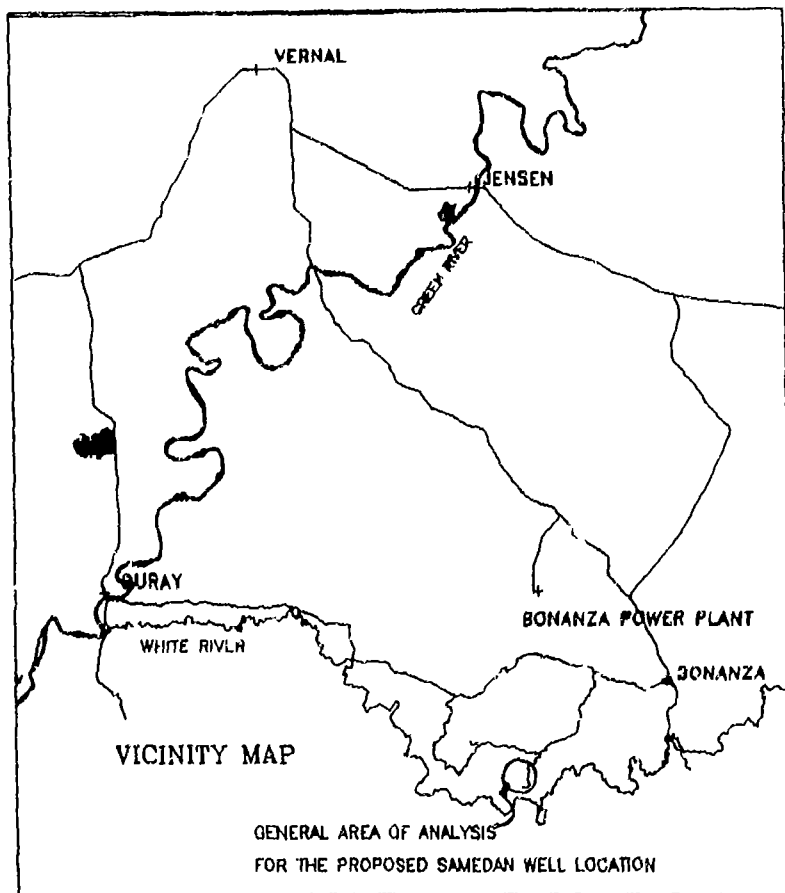
Cumulative Impact Analysis Under RFD

The potential surface disturbance under the RFD would be a total of 16 acres (1 acre for each well pad and 3 acres for each road).

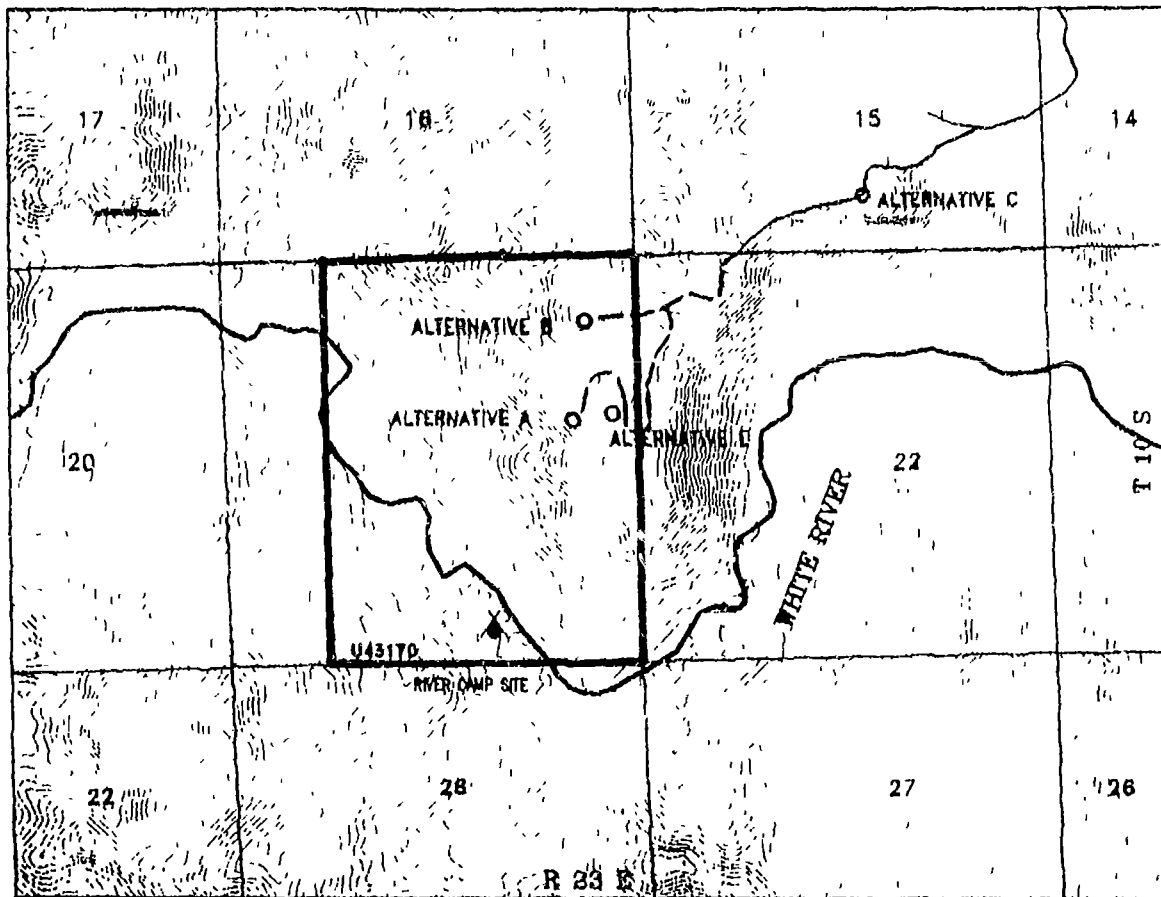
Soils

Under this assumption an additional three tons of sediment per acre per year would be produced above the current (natural) erosion rate the first year during drilling and

MAP NO. 1



MAP NO. 2 LEASE BONDARY AND TOPOGRAPHY



LEGEND

| | | | |
|----|-----------------------|---|-------------------------|
| -- | New road construction | ○ | Proposed well locations |
| — | Existing road | — | Lease boundary |

#4

Groups Raise Stink Over White River Gas-Well Permit

By Jim Woolf
THE SALT LAKE TRIBUNE

After seven years of debate and litigation, the Bureau of Land Management this week granted permission for a Colorado company to drill a natural gas well on the edge of the White River canyon in eastern Utah.

This has as stringent of requirements as we've ever put on anyone, said Paul Andrews, the BLM's Book Cliffs Area Manager.

But Ken Rait, issues coordinator for the Southern Utah Wilderness Alliance, said it is an "inappropriate place for oil and-gas development" and his organization is considering another appeal of the decision.

"Given that most of the Uinta Basin has already been sacrificed to the oil and-gas industry, it is imperative that we protect the White River canyon from a similar fate," said Rait.

The well was approved in an area that SUWA and many other environmental groups want designated as wilderness. However, the land was not deemed worthy of wilderness study by the BLM and was not included in the wilderness bill introduced by the Republicans in Utah's congressional delegation.

Pat McCuiston, regional manager for Samedan Oil Corp., which proposed the well, said the company is reviewing the BLM's decision and trying to decide whether it still wants to proceed with the project.

The application has been sitting there for some time. We're evaluating it again, he said. Samedan applied to drill on Sept. 27, 1988.

The proposed well site is located near the north rim of the White River Canyon about 40 miles south of Vernal. There are numerous gas wells in this area, but the Samedan site would be the closest to the canyon edge. This is what has generated the controversy.

The White River is a popular canoeing area, and the canyon cliffs provide nesting sites for numerous birds of prey, including peregrine falcons and golden eagles. The area has been studied for possible designation as a federal "wild and scenic river." The Utah Wilderness Coalition has proposed a 10,000-acre White River wilderness area that would include most of the canyon and some of the adjacent lands.

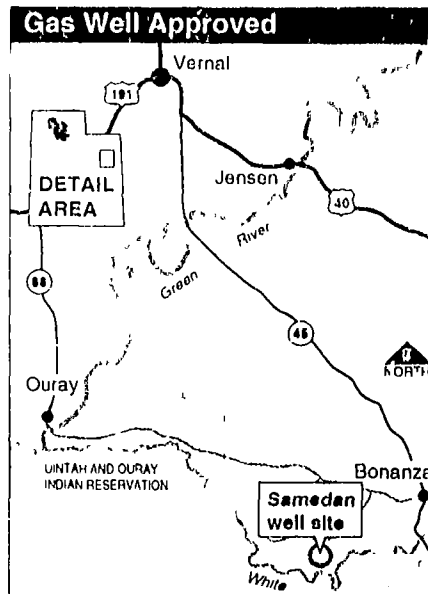
The Uintah Mountain Club first voiced opposition to the project, claiming it would damage recreation values

in the canyon. Concerns later were raised about impacts on the peregrine falcons.

After a protracted debate, the BLM decided in 1991 to approve the well with a long list of stipulations. Among them was a requirement that Samedan use a site where any gas production facilities would be hidden from the river (although the tall drilling rig would be visible while the well is under construction). The company also was required to limit its construction activities to times when falcons and eagles are not on nests.

The 1991 approval was appealed to the Department of Interior's Board of Land Appeals (IBLA) by the Utah Chapter of the Sierra Club and SUWA. IBLA overturned the decision and ordered the BLM to prepare a new environmental assessment that contains additional documentation about threatened and endangered plants and golden eagles in the area.

A revised environmental assessment was issued on Dec. 2, 1993, clearing the way for this week's decision. If either side is unhappy, the BLM's rules allow this decision to be appealed once again to the agency's state director and IBLA.



Steve Baker / The Salt Lake Tribune

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09/06/95          D E T A I L   W E L L   D A T A          menu: opt 00
api num:  4304731855      prod zone:          sec      twnshp      range      qr-qr
entity:    99998 : PA/LA              21      10.0 S      23.0 E      SENE
well name: SOUTHMAN CANYON 1-21
operator:  N0185 : SAMEDAN OIL CORPORATION          meridian: S
field:      630 : NATURAL BUTTES
confidential flag: confidential expires:          alt addr flag:
          * * * application to drill, deepen, or plug back * * *
lease number: U-43170      lease type: 1          well type:          GW
surface loc:  2025 FNL 0270 FEL      unit name:
prod zone loc: 2025 FNL 0270 FEL      depth:      7550      proposed zone: MVRD
elevation:    5526' GR      apd date:    881003      auth code: 179-3
* * completion information * *      date recd:  911018      la/pa date:
spud date:          compl date: 911018      total depth:
producing intervals:
bottom hole:          first prod:          well status:    LA
24hr oil:          24hr gas:          24hr water:          gas/oil ratio:
          * * well comments:          direction1:          api gravity:
881108 LOC FR 830 FNL 540 FEL:890929 LOC FR 2040 FNL 730 FEL/NENE;APD EXT TO
10-3-90:211021 LA'D 10-18-91:
opt: 21 api: 4304731855 zone:          date(yymm):          enty          acct:

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SAMEDAN OIL CORP

SOUTHERN CANYON 1-21

43-C47-31723

Federal Lease

NLNE 21-115-23E

UNIT 111

1A 11/30/95

To

From

Date

☐ For your information and file

☒ For necessary action

☐ Other

14 Jan
plus same day
SPO

ENVIRONMENT

Vol. 6 No. 22

October 27, 1995

Samédan backs off Utah well

Samedan Oil Co. has given up a seven-year struggle to drill a natural gas well in an eastern Utah area being promoted for wilderness and wild and scenic river designation.

After waiting since 1988, Samedan of Denver got the go-ahead last month to drill in the White River Canyon under some of the most stringent restrictions ever imposed by the Bureau of Land Management in Vernal, Utah.

But that didn't satisfy environmentalists who were initiating a new round of appeals just about the same time Samedan was asking the BLM to discontinue its application.

Officially, the company said the well is no longer economically viable with lower gas prices. But Samedan no doubt is tired of the maneuvering by environmentalists who want the canyon and White River protected even though the sites are not on the BLM wilderness study list or in the bill recently introduced by the Utah congressional delegation.

BLM officials said the most recent appeal filed with the state director by the Uintah Mountain Club and the Southern Utah Wilderness Alliance will be returned without action.

of an endangered species, but not action that destroys habitat. It eliminates protection for endangered marine animals, which are protected under other laws.

Under the measure, states could be given authority to manage endangered species protection programs and have a greater say in listing species. The bill also eases requirements for "delisting" species.

Although Young met the goal he set last month of getting the bill to House floor by mid October, he conceded there could be problems getting Senate approval for the measure. Moderate Republicans and Democrats have been able in years past to block or delay similar legislation.

Enviros say changes will gut law

House Speaker Newt Gingrich, R-Ga., has expressed concern over the legislation's "scope."

Environmentalists have blasted the bill as a complete repeal of the 1973 Endangered Species Act, which will allow widespread destruction of habitats by businesses and individuals.

The Sierra Club said the bill ignores the importance of habitat. It cited a National Academy of Sciences study (E&P 6/9), which contended habitat protection is "essential to the conservation of endangered species."

But Young defended the measure because "the simple fact is the Endangered Species Act simply isn't working."

He said the bill reaffirmed America's goal to protect endangered species by starting from the premise that "we must do a better job of managing our wildlife to keep them from reaching threatened or endangered status" by providing technical and financial assistance to



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carlier
Division Director

355 West North Temple
J. Trad Center, Suite 350
Salt Lake City, Utah 84100 1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

September 5, 1995

Samedan Oil Corporation
1616 Glenarm Place, Suite 2550
Denver, Colorado 80202

Re: Southman Canyon #1-21 Well, 830' FNL, 540' FEL, NE NE, Sec. 21, T. 10 S., R.
23 E., Uintah County Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-32723.

Sincerely,

R. J. Frith
Associate Director

ldc

Enclosures

cc: Uintah County Assessor

Bureau of Land Management, Vernal District Office

WAPD

Operator: Samedan Oil Corporation

Well Name & Number: Southman Canyon #1-21 Well

API Number: 43-047-32723

Lease: Federal U-43170

Location: NE NE Sec. 21 T. 10 S. R. 23 E.

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jimmie Thompson at (801)538-5340.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Frank Matthews or Mike Hebertson at (801)538-5340.

3. Reporting Requirements

All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.



United States Department of the Interior

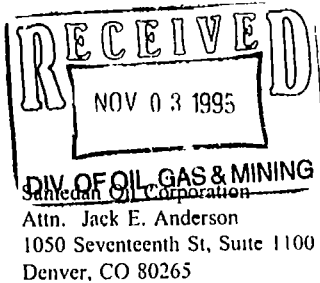
BUREAU OF LAND MANAGEMENT

Vernal District Office
170 South 500 East
Vernal, Utah 84078-2799

Phone (801) 781-4400
Fax (801) 781-4410

IN REPLY REFER TO
3160
(UT08438)

October 30, 1995



43-047-32723

Re Well No Southman Canyon 1-21
NENE Sec 21, T10S, R23E
Lease No U-43170
Uintah County, Utah

Dear Mr Anderson

The Application for Permit to Drill (APD) the above referenced well is being rescinded as per your letter of September 26, 1995, stating Samedan no longer considers the project viable

Pursuant to the provisions of 43 CFR 3103.4-2, suspension of operations and production for lease U-43170, was effective as of November 1, 1988. The Application for Permit to Drill was approved on August 25, 1995, therefore the suspension will terminate on November 1, 1995, which is the first of the month within ninety (90) days following the receipt of the approved APD. Upon termination of your suspension there are 8 months remaining in the primary term of the lease.

You have the right to a State Director Review of our determination as per 43 CFR 3165.3

Sincerely,

Howard B. Cleavinger II
District Manager